



The Office of Retirement
HR/RET



Retiree Newsletter

Published Annually for FS Retirees

November 2002

Dear Foreign Service Annuitant:

This annual letter provides important information about your retirement benefits, health and life insurance and other matters.

COST-OF-LIVING ADJUSTMENT

1. We begin with some good news. This year's cost-of-living adjustment (COLA) will be effective December 1, 2002 and payable in the annuity payment dated January 2, 2003.
2. The amount of the COLA to be paid in January 2003 will vary according to the commencing date of your annuity. Those receiving benefits under the "old" FSRDS and those receiving benefits under the "new" FSPS will receive a 1.4% COLA. Any employee whose annuity began on or after January 1, 2002 will receive, instead of the full COLA described above, a prorated COLA based on the number of months benefits were paid before December 1, 2002. Please note that anyone retired under the "new" FSPS who receives an "annuity supplement", will receive the COLA described above on the regular annuity, but will not receive a COLA on the annuity supplement.

REEMPLOYMENT AFTER RETIREMENT

1. If you are reemployed after retirement in a position in the Federal Government, ***you must notify the Office of Retirement.***
2. In general, the law provides for suspension of the annuity if you are reemployed in the Federal Government on a full-time basis.
3. If you are reemployed in the Federal Government on a part-time, intermittent (WAE) or temporary basis, your annuity may generally continue subject to a ceiling on total compensation (annuity plus salary) which is the higher of (a) the annual (full-time) salary of position in which you are reemployed or (b) the rate of annual salary at retirement (unadjusted for inflation).

4. If you retired with the (\$25,000) buyout incentive and are reemployed by the government within five years of retirement under an appointment or a personal services contract, you must repay the buyout payment.

FEDERAL EMPLOYEES HEALTH BENEFITS (FEHB) OPEN SEASON

1. **The 2002 FEHB Open Season will be held from November 11 through December 31, 2002.**
2. If you are satisfied with your current coverage and wish to continue it through 2003, **(and your plan remains in the FEHB Program, see point 4 below)** there is nothing you need to do.
3. You may change your coverage from one plan or option to another, from self only to self and family, or any combination of these changes. The rate changes for 2003 are effective January 1, 2003 and will be reflected in the annuity payment dated February 1, 2003.
4. The plans on the next page are withdrawing from the FEHB Program or reducing their service areas, effective December 31, 2002:

If you are enrolled in a terminated plan, you **must** select another health plan by filing a completed Standard Form (SF) 2809-1, Health Benefits Registration Form, in order to continue participating in the FEHB Program. We are sending a SF-2809-1 to all annuitants who are enrolled in a terminated plan. If you are enrolled in a terminated health plan and would like to request brochures before deciding on a new plan, please contact us at the address shown below. If you are enrolled in a terminated plan and you fail to enroll in another FEHB plan during the Open Season, you will be considered to have cancelled your coverage. **As an annuitant, if your coverage is cancelled, you will not be eligible to reenroll.**

5. If you have any questions or requests regarding a change in your health insurance coverage, please write to us at the address below:

Department of State
Office of Retirement (HR/RET)
Room 620H, SA-1
2401 E Street, NW
Washington, D.C. 20522-0108

You may also reach us by telephone at: (202) 261-8960, (866) 224-9053 (toll-free), or FAX (202) 261-8988.

6. The Office of Retirement of the Department of State (**not** OPM) will distribute Open Season literature to Foreign Service annuitants. Except as noted, annuitants will receive a packet of Open Season materials, enclosed, which contains the following:

- (a) 2003 Enrollment Information Guide and Plan Comparison Chart for Retirees (RI 70-9)

This provides general information about changing your enrollment and a chart, which summarizes and compares the benefits of all plans in the FEHB Program. It also explains the adjustment in the premiums, if any. There is no separate guide for overseas retirees, as there was several years ago. All retirees will receive RI 70-9 this year.

- (b) Request for Registration Form or Brochures

Please address requests to the Office of Retirement. Plan guides and brochures may also be obtained directly From OPM's website: (<http://www.opm.gov/insure>).

7. Former spouses will receive a guide different from the one provided to annuitants. Their guide is titled 2003 Enrollment Information Guide and Plan Comparison Chart for Former Spouses (RI 70-5). If a former spouse inadvertently receives the wrong guide (RI 70-9) he or she should contact the Office of Retirement and we will mail the correct one (RI 70-5).
8. If, after reading the guide, you decide that you may want to change your enrollment, you should send the Request for Registration Form or Brochures to the Office of Retirement at the address shown. Once we receive that form, we will send you a copy of the brochures on the specific plans you have requested and a form (SF-2809-1) for changing your enrollment.
9. If you would like a brochure on a Prepaid Plan, otherwise known as a Comprehensive Medical Plan (CMP) or a Health Maintenance Organization (HMO), please *contact the plan directly at the telephone number listed* in the 2003 Enrollment Information Guide and Plan Comparison Chart. Although we hope to stock brochures for some major plans, we do not have brochures from all the CMP/HMOs.
10. If you or someone you know has difficulty reading the small print on the enclosures, please contact us and we will send you the 2003 Enrollment Information Guide and Plan Comparison Chart for the Visually Impaired (RI 70-10).
11. **If you want to change your coverage, you must return the completed Health Benefits Registration Form (SF-2809-1) to the Office of Retirement by December 31, 2002.**

TRICARE COVERAGE

Effective October 1, 2001, the National Defense Authorization Act for 2001 reinstated TRICARE coverage for **Medicare-eligible uniformed services retirees, their survivors and eligible dependents**. TRICARE coverage will be advantageous to many Medicare-eligible military system beneficiaries who now are covered under the FEHB Program as Federal civilian retirees, family members or former spouses.

Under this new regulation, TRICARE-eligible FEHB Program annuitants and former spouses may suspend their FEHB coverage and then return to the FEHB Program during the Open Season, or return to the FEHB Program immediately if they lose TRICARE coverage. FEHB enrollment suspension will become effective on the day before your TRICARE enrollment becomes active.

If you are eligible to enroll in TRICARE, you must complete the SF2809-1, Health Benefits Registration Form and the Health Benefits Cancellation/Suspension form. Both forms may be obtained by contacting the Office of Retirement.

You may obtain more information on TRICARE by visiting OPM's website: www.opm.gov/insure/health/qa/tricare.htm.

EXTENSION OF HEALTH INSURANCE COVERAGE TO THOSE WHO ARE INELIGIBLE TO PARTICIPATE IN THE FEHB PROGRAM

1. Effective January 1, 1990, Public Law 100-654 went into effect, which allows certain individuals who lose eligibility to participate in the FEHB Program to continue temporarily their FEHB coverage. This law applies to (a) children of FEHB enrollees who lose their coverage for reasons such as reaching age 22, and (b) certain former spouses who would not be eligible to continue a FEHB enrollment under existing law. In order to acquire coverage under this law, one must elect coverage within sixty (60) days of the event which causes the loss of coverage (i.e., divorce or child's 22nd birthday).

2. The premium for those who acquire temporary FEHB coverage under Public Law 100-654 will be higher than the regular premium for FEHB enrollments because it will reflect the employee's and government's share of the cost of the enrollment. If you would like more information about this law, contact the Office of Retirement.

LONG TERM CARE INSURANCE

On September 19, 2000, Public Law 106-265 was enacted, which included "The Long Term Care Security Act". Long-term care insurance (LTC) is insurance that pays benefits to cover services that individuals may need because they are unable to care for themselves because of an extended illness or injury, or an age-related disease such as Alzheimer's.

LTC can provide broad, flexible benefits for nursing home care, care in an assisted living facility, care in your home, adult day care, hospice care, and more.

The U.S. Office of Personnel Management is holding an open season to elect this coverage. **The Open Season is through December 31, 2002.** We will keep retirees informed of developments in this program. Further information can be obtained by accessing the Office of Personnel Management's website: www.opm.gov/insure/ltc. To speak to a certified long-term care insurance specialist, call: 1-800-LTC-FEDS/1-800-582-3337, TDD: 1-800-843-3557, 8:00 a.m. – Midnight, Eastern Time.

FEDERAL EMPLOYEES' GROUP LIFE INSURANCE (FEGLI): NEW PREMIUMS AND AGE BANDS

New Premiums

The Office of Personnel Management (OPM) periodically reviews the FEGLI premiums to determine whether circumstances require any changes. The last premium change was effective April 24, 1999.

Because of generally lower mortality rates, OPM has decided to reduce the premium for Basic insurance and to reduce the premium for several of the Option B age bands.

There are no changes to the Option A premiums or to the premiums for the existing Option C age bands.

Please also note that the extra premium for the 50% Reduction election for Basic insurance is increasing from \$0.59 per \$1,000 of coverage to \$0.60 per \$1,000 of coverage; the extra premium for the No Reduction election for Basic insurance is being reduced from \$2.04 per \$1,000 of coverage to \$1.83 per \$1,000 of coverage.

New Age Bands

OPM has added additional age bands because of the increasing number of individuals with unreduced Option B coverage after age 65. We are, therefore, adding the following age bands for Option B: 60-64, 65-69, 70-74, 75-79, and 80 and over. The attached premium tables reflect the first year's premiums for the new Option B age bands.

OPM has also recently added new age bands and premiums for Option C because of the increasing number of individuals with unreduced coverage after age 65: 70-74, 75-79, and 80 and over.

PREMIUM TABLES

1. Monthly Premiums, Effective 1-1-03:

I. Basic Life Insurance Coverage:

Premium per \$1,000 = \$.325

Reduction Election:	75%	50%	No Reduction
Reduction Election Premium per \$1,000	-0-*	\$.60	\$1.83

*Some annuitants pay a premium for this coverage

II. Optional Life Insurance Coverage:

Age Band	Option A (Standard)	Option B (Additional) (per \$1,000)	Option C (Family) (per multiple)
Under 35	\$.65	\$.065	\$.59
35-39	.87	.087	.74
40-44	1.30	.130	1.00
45-49	1.95	.195	1.30
50-54	3.03	.303	1.95
55-59	5.85	.607	3.14
60-64	13.00	1.300	5.63
65-69		1.538	6.50
70-74		1.885	7.37
75-79		2.318	9.75
80+		2.752	13.00

Important Note: The Optional Life Insurance changes previously described affect annuitants under age 65 who are paying for life insurance. If you are age 65 and are not paying for life insurance, any life insurance coverage you have continues as though these changes had not been made.

2. **VERY IMPORTANT: Special Notice to Annuitants Who Reach Age 65 with Option B or Option C Life Insurance Coverage**

Annuitants with Option B Coverage:

You may elect No Reduction or Full Reduction for your Option B coverage. If you have more than one multiple of Option B, you may now elect No Reduction for some multiples and Full Reduction for the remaining multiples. No Reduction means premiums will continue for life (although premium rates may change in the future) and the value will never reduce (unless you change your election). Full Reduction means premiums will end and the value will reduce by 2% of its original value for 50 months, beginning the second month after you reach age 65, until it reaches zero. You may change a No Reduction election to Full Reduction at any time, but you cannot change Full Reduction to No Reduction after reductions begin.

Annuitants with Option C Coverage:

If you retired after April 24, 1999, you may elect No Reduction or Full Reduction for your Option C coverage. If you have more than one multiple of Option C, you may now elect No Reduction for some multiples and Full Reduction for the remaining multiples. No Reduction means premiums will continue for life (although premium rates may change in the future) and the value will never reduce (unless you change your election). Full Reduction means premiums will end and the value will reduce by 2% of its original value for 50 months, beginning the second month after you reach age 65, until it reaches zero.

You may change a No Reduction election to Full Reduction at any time, but you cannot change Full Reduction to No Reduction after reductions begin.

3. Summary of Provisions with Regard to Annuitants at Age 65 with Option B and Option C Life Insurance

Before you reach age 65, you will have the option of keeping some or all of the multiples of your Option B and Option C coverage. To do this, you need to complete and return the enclosed election form to the Office of Retirement by the end of the month after the month in which you reach age 65. **If you want to make an election for your Option B and Option C coverage, you must return the completed election form (see enclosure) to the Office of Retirement in accordance with the deadlines for your age group.**

DESIGNATION OF BENEFICIARY

If you designated a beneficiary of your FEGLI, please keep your designations current. If you wish to update your designation of beneficiary (if a named beneficiary dies or changes address), you may request a Form 2823 from the Office of Retirement.

CHANGES IN MARITAL STATUS/SURVIVOR ELECTION

1. All annuitants (retirees and survivors) are asked to keep the Office of Retirement *informed of any change in marital status*. Delays in reporting these changes may defer or prevent important adjustments in benefits, such as:

(a) Spouses who divorce may be entitled to continuation of health insurance coverage under the FEHB Program.

(b) A retired annuitant who had elected a survivor annuity for a spouse and whose marriage terminates by death or divorce, may be entitled to an increase in annuity, effective the first of the month after the one in which the marriage terminated. If the marriage terminated by divorce, the former spouse may qualify for part of the retiree's annuity and/or survivor benefit.

(c) (1) An annuitant under the "old" retirement system, the Foreign Service Retirement and Disability System, who marries after retirement and who had not declined to elect a survivor benefit for a spouse at retirement may, in general, elect a survivor annuity for a spouse acquired after retirement, provided the election is made within **one** year of marriage. The election of a survivor annuity is effective after nine months of marriage, but the reduction in the retiree's annuity is effective after one year of marriage.

(c) (2) An annuitant under the "new" retirement system, the Foreign Service Pension System, who marries after retirement and who had not declined to elect a survivor benefit for a spouse at retirement may, in general, elect a survivor annuity for a spouse acquired after retirement, provided the election is made within **two** years of marriage. The election of a survivor annuity is effective after nine months of marriage, but the reduction in the retiree's annuity is retroactive to the commencing date of the annuity, or the last date a reduction was in effect for a prior spouse. Interest on the retroactive reduction is also

charged. A new law allows the retroactive amount to be paid by a monthly deduction from the employee's annuity.

(d) Surviving children who are receiving annuity benefits lose their eligibility for annuity benefits, upon marriage.

(e) Loss of annuity entitlement due to remarriage may also affect eligibility for continuation of insurance coverage.

2. In general, a retiree (a) who has declined to elect a survivor benefit for a spouse at retirement, or (b) who has declined to elect the maximum survivor annuity for a spouse at retirement, may within 18 months of retirement, elect a survivor benefit or increase the earlier election to one of a maximum survivor benefit. However, there is a substantial increase in the initial cost of an increase in a survivor election under this provision.

ANNUITANT DIRECT

The Bureau of Financial Management and Policy in partnership with the Office of Personnel Management (OPM) implemented Annuitant Direct. Annuitant Direct is an innovative automated system that puts you in control of processing your own discretionary changes such as:

- Federal and State Tax withholdings
- Change or establish Voluntary Allotments
- Change or start Direct Deposit
- Request a duplicate Form 1099R
- Change Home Address

To Access Annuitant Direct, using a touch-tone telephone, call toll free 1-888-866-5166. You will also need your Annuitant Direct Personal Identification Number (PIN) and your Social Security Number. By now, you should have received in the mail a confidential PIN from OPM. If you have not received your PIN, please contact OPM's Annuitant Direct Help-Desk at 1-478-757-3106.

The Work of the Senior Living Foundation

The Senior Living Foundation was established to assist retired members of the American Foreign Service who in their old age have become physically and/or mentally unable to cope with factors of life that they face. In many cases, these people have barely enough financial resources to cover their normal living expenses. When something changes, as is always the case in aging, they find themselves in trouble.

The Foundation has come a long way in its mission to help needy colleagues who turn to us for assistance. This year the Foundation will give over \$180,000 in grants for items such as home health care, transportation to medical appointments, prescription drugs, and custodial care. While many of these grants become ongoing cases, some people request temporary or one-time assistance. As of today, 16 colleagues depend on the Foundation for help each month and many others are under consideration.

Recently, the Senior Living Foundation provided assistance to a 70-year-old Foreign Service staff employee who lives overseas. He is able to perform very few of his Activities of Daily Living and is confined to his bed due to his poor health. His doctor has recommended that he have permanent home health care and to stay in his apartment as long as possible.

The grantees' health has deteriorated rapidly since our initial intervention in this case. As we have stated before, once we take a case, it is a lifelong commitment and we must have the resources to honor that commitment.

This is an example of how the Senior Living Foundation is "taking care of our own".

The Foundation has a group of volunteers who contact our elderly colleagues. In areas outside of the metropolitan Washington D.C. area, we work with the local Foreign Service Retiree Associations. Regular communication is necessary to improve the individual's outlook on life.

The Senior Living Foundation may be able to help you or someone you know with information and/or financial assistance for:

- Home Health Care
- Groceries
- Transportation to medical appointments
- Prescription medication
- Friendly visitor

For more information, please call:

Senior Living Foundation of the American Foreign Service
1716 N Street, NW
Washington, DC 20036
Phone (202) 887-8170
Fax (202) 872-9320

CHANGE OF ADDRESS

1. Please continue to keep us informed of any change in your correspondence address.
2. If you need to contact us for any reason, please include your social security number. This will help us identify your records faster.

SPECIAL ANNOUNCEMENT

You may now reach us toll free at 1-866-224-9053. We also invite you to visit or contact us through our Office of Retirement website: www.state.gov/m/dghr/ret.

Our address is:

Department of State
Office of Retirement (HR/RET)
Room 620H, SA-1
2401 E Street, NW
Washington, D.C. 20522

We wish you good health and happiness in retirement. It is always our pleasure to serve you.

Sincerely,

Cecelia A. Cooper, Director
Office of Retirement

Daniel S. Webber, Chief
Retirement Policy

Enclosures:
As stated.

FEGLI ELECTION FORM OPTION B COVERAGE

_____ I hereby elect **No Reduction** for _____ multiples of my Option B (Additional) Life insurance. I understand any remaining multiples will reduce in value by 2% of the original amount per month beginning the first of the second month after I reach age 65. I understand that this means the full value of my No Reduction multiples will continue for life, and my premiums will continue at the rate appropriate for my age group, and may change in the future. I understand that I can cancel or reduce, but not increase, the number of No Reduction multiples at any time, but that if I do I will not receive a refund of premiums. I also understand that retroactive premiums will be collected for any months during which my annuity was paid but no Option B premiums were withheld.

_____ I hereby elect **Full Reduction** for all of my multiples of Option B (Additional) Life Insurance. I understand that my Option B coverage will reduce in value by 2% of the original amount per month beginning the first of the second month after I reach age 65 and that I will not receive a refund of premiums. I understand that this election is irreversible as of the first of the month after the month in which I reach age 65.

Typed or Printed Name

Social Security Number

Signature

Date

Return Completed Election to:

Department of State
Office of Retirement (HR/RET)
Room 620H, SA-1
2401 E Street, NW
Washington, D.C. 20522-0108
(202) 261-8960 FAX (202) 261-8988

FEGLI ELECTION FORM OPTION C COVERAGE

_____ I hereby elect **No Reduction** for _____ multiples of my Option C (Family) Life insurance. I understand any remaining multiples will reduce in value by 2% of the original amount per month beginning the first of the second month after I reach age 65. I understand that this means the full value of my No Reduction Option C multiples will continue for life, and my premiums will continue at the rate appropriate for my age group, and may change in the future. I understand that I can cancel or reduce, but not increase, the number of No Reduction multiples at any time, but that if I do I will not receive a refund of premiums. I also understand that retroactive premiums will be collected for any months during which my annuity was paid but no Option C premiums were withheld.

_____ I hereby elect **Full Reduction** for all of my multiples of Option C (Family) Life Insurance. I understand that my Option C coverage will reduce in value by 2% of the original amount per month beginning the first of the second month after I reach age 65 and that I will not receive a refund of premiums. I understand that this election is irreversible as of the first of the month after the month in which I reach age 65.

Typed or Printed Name

Social Security Number

Signature

Date

Return Completed Election to:

Department of State
Office of Retirement (HR/RET)
Room 620H, SA-1
2401 E Street, NW
Washington, D.C. 20522-0108
(202) 261-8960 FAX (202) 261-8988